

DEPARTMENT OF HEALTH AND HUMAN SERVICES FORM APPROVED

HEALTH CARE FINANCING ADMINISTRATION OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION	1. TRANSMITTAL NUMBER: 03-37	2. STATE Louisiana
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE September 21, 2003	

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT


COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447.272	7. FEDERAL BUDGET IMPACT: a. FFY <u>2003</u> <u>\$0.00 235,230</u> b. FFY <u>2004</u> <u>\$0.00 935,180</u>
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: ATTACHMENT 4.19 B, Item 2a, PAGE 2a Attachment 4.19-A, Item 1, Pages 8a & 8b ATTACHMENT 4.19 B, Item 2a, PAGE 2	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): NONE - NEW PAGE Same (TN 03-02) TN 03-18

10. SUBJECT OF AMENDMENT: **The purpose of this amendment is to amend the calculation of the inpatient Medicare upper payment limit and to amend the definition of qualifying hospital.**

11. GOVERNOR'S REVIEW (Check One):

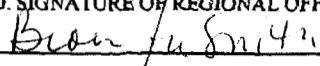
☐ GOVERNOR'S OFFICE REPORTED NO COMMENT☒ OTHER, AS SPECIFIED: **The Governor does not review state plan material**☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: State of Louisiana Department of Health and Hospitals 1201 Capitol Access Road PO Box 91030 Baton Rouge, LA 70821-9030
13. TYPED NAME: David W. Hood	
14. TITLE: Secretary	
15. DATE SUBMITTED: September 23, 2003	

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17. DATE RECEIVED:	18. DATE APPROVED: MAY 17 2004
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PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: SEP 21 2003	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPED NAME: Charlene Brown	22. TITLE: Deputy Director, CMSO

23. REMARKS:

Pen and Change made to Block # 7, 8, 9

PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING RATES - IN-PATIENT HOSPITAL CARE

c. Enhancement Pool Payments

The entire enhancement pool amount shall be paid on a quarterly basis to qualifying public hospitals based on their total unreimbursed Medicaid charges (billed Medicaid charges less Medicaid reimbursements), in descending order from the qualifying hospital with the highest volume of Medicaid inpatient days to the qualifying hospital with the lowest volume, until the enhancement pool is exhausted. This payment calculation is an annual calculation of which a fourth will be distributed on a quarterly basis. Payments are made at the beginning of the quarter. Determination of unreimbursed Medicaid charges shall be based on the hospital's latest filed cost report.

d. Definition of Qualifying Hospitals

Qualifying hospitals are defined as any hospital owned by a parish, city or other local government agency or instrumentality. This definition includes hospitals owned jointly by two or more government entities, but does not include hospitals owned jointly by government and private organizations. A qualifying hospital:

i) is not recognized as a small rural hospital as defined in D.3.b.;

AND

ii) has greater than 12,500 Medicaid inpatient days per the hospital's latest filed cost report.

e. Determination of the Upper Payment Limit

For the purpose of the Enhancement Pool payments, the upper limit of aggregate payments to hospitals pursuant to 42 CFR §447.272 shall be determined using the hospital's latest available claims data to determine the reasonable amount that would have been paid per the Medicare inpatient prospective payment system for inpatient hospitals services. This is a diagnosis related group (DRG) price-based system that includes payment and add-ons for teaching hospitals (direct and indirect), outlier payments, and disproportionate share hospital (DSH) adjustment payments.

Estimated Medicare payments are determined by running Medicaid claims data through the Medicare DRG grouper and then using Medicare hospital rates and DRG weights.

TN # 03-37 Approval Date MAY 17 2004 Effective Date SEP 21 2003
Supersedes
TN # 03-02

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM
STATE OF LOUISIANA

ATTACHMENT 4.19-A
Item 1, Page 8c

PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING RATES - IN-PATIENT HOSPITAL CARE

Estimated Medicaid payments will be equal to the actual paid amount on a per diem basis plus any other payments that the facility is entitled (e.g. outlier payments, etc.) based on state guidelines. Medicaid DSH payments will be excluded from consideration as required

f. Sunset Provision

Enhancement pool payments to qualifying hospitals shall sunset on June 30, 2005. The state may submit a state plan amendment after June 30, 2005 that re-implements the above enhancement pool payment methodology or a different methodology.

TN # 03-37 Approval Date MAY 17 2004 Effective Date SEP 21 2003
Supersedes
TN # 03-02

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – OTHER TYPES OF CARE OR SERVICE LISTED IN SECTION 1905 (a) OF THE ACT THAT ARE INCLUDED IN THE PROGRAM UNDER THE PLAN ARE DESCRIBED AS FOLLOWS:

Outpatient hospital services other than clinical diagnostic laboratory, outpatient surgeries, rehabilitation services and outpatient hospital facility fees for office/outpatient visits are paid as follows:

In-state private hospital outpatient services are reimbursed on a hospital specific cost to charge ratio calculation based on the latest filed cost reports. Updated cost to charge ratios will be calculated as filed cost reports are received. Cost to charge ratios for the hospitals on which a filed cost report was received will be adjusted at the beginning of the next quarter. Final reimbursement is adjusted to 83% of allowable cost through the cost report settlement process. The allowable costs are determined from the Medicare/Medicaid cost report for each hospital. The costs and charges on these cost reports are reported in accordance with the instructions in the HIM-15 (Medicare Reimbursement Manual).

In-state public hospital outpatient services are reimbursed at an interim rate of 60% of billed charges. Final reimbursement is adjusted to 83% of allowable cost through the cost report settlement process.

Out-of-state hospital outpatient services. Effective for dates of services on or after April 1, 2003, services shall be reimbursed at 31.04% of billed charges.

Enhancement Pool For Public Hospitals

a. Enhancement Pool Creation

An enhancement pool is created to increase reimbursement to public hospitals in proportion to their share of Medicaid billed charges in excess of Medicaid reimbursement as documented in the most recently filed cost report. The pool is created subject to the payment limits of 42 CFR ' 447.321 (the aggregate Medicaid payments may not exceed a reasonable estimate of the amount that would be paid for the services furnished by these hospitals under Medicare payment principles).

Enhancement pool payments to qualifying non-state public hospitals shall sunset on June 30, 2005. The state may submit a state plan amendment after June 30, 2005 that re-implements the above enhancement pool payment methodology or a different methodology. This sunset provision does not apply to subsection f. (state hospitals).

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – OTHER TYPES OF CARE OR SERVICE LISTED IN SECTION 1905 (a) OF THE ACT THAT ARE INCLUDED IN THE PROGRAM UNDER THE PLAN ARE DESCRIBED AS FOLLOWS:

b. Calculation of Hospital Payment Differential

The hospital payment differential for any year shall be the difference between the upper payment limit of aggregate payments to non-state

public hospitals as defined in 42 CFR ' 447.321 and the aggregate Medicaid per diem reimbursement paid to these hospitals for the year. This amount shall be calculated based on the hospital's latest filed cost report and shall be trended forward to mid-point of the current State fiscal year based on the Center for

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